

Finding of No Significant Impact

BLM Environmental Assessment Number NV-020-06-EA-014

Ashdown Project Sylvia Mine, Humboldt County, Nevada

BLM Serial # NVN79868/Case File N26-05-004P

Golden Phoenix Minerals, Inc.

Sections 13, 23, T45N, R28E, and Section 14, T45N, R29E, M.D.B.M.

Having reviewed the environmental assessment (EA) and the mine plan amendment and assuming compliance with the monitoring and mitigation requirements and stipulations in the attached Decision Record, I have determined that the quality of the human environment will not be significantly impacted as a result of this decision. Preparation of an environmental impact statement (EIS) pursuant to Section 102(C) of the National Environmental Policy Act is not required. The EA (NV-020-06-EA-014) for this action is incorporated into this Finding of No Significant Impact by reference.

I have determined that the proposed action is in conformance with the Paradise-Denio Management Framework Plan and is consistent with the plans and policies of neighboring local, county, tribal, state and federal agencies and governments. This finding and conclusion is based on my consideration of the Council of Environmental Quality's (CEQ) criteria for significance (40 CFR 1508.27), both with regard to the context and the intensity of impacts described in the EA.

Background

Golden Phoenix Minerals, Inc. (GPMI) submitted the Ashdown Project proposed plan of operations for the Sylvia Mine to the Winnemucca Field Office (WFO) on March 23, 2005. An Environmental Assessment (EA) analyzing the impacts of the proposed plan amendment was sent out for a 30 day public review on June 2, 2006. Comments on the EA were received from the Division of State Lands, State Historic Preservation Office, Nevada Department of Wildlife, and two individuals.

Context

The mine is located on the west flank of the Pine Forest Range ten miles southwest of Denio Junction in Humboldt County, Nevada. Golden Phoenix Minerals, Inc (GPMI) has reopened the Sylvia Decline that was developed for molybdenum by American Copper and Nickel in the late 1970's. The proposal is to develop an existing underground mine using conventional underground techniques. With approval of the development of the Sylvia mine, the company will be allowed to disturb approximately 31 acres of public and private land. New disturbance on public land would be up to 2.33 acres not including exploration disturbance.

Over a five year period GPMI could remove up to 40,000 tons of waste rock and 120,000 tons of molybdenum ore. The mine is expected to produce about 700 tons of ore per week. The ore would be hauled approximately two miles to the west of the mine and processed in a flotation mill on private land.

Intensity

1) Impacts that may be both beneficial and adverse.

Development of the Sylvia mine will benefit the local communities through sustained and temporarily increased employment. Production of molybdenum will benefit society in general through the production of products that use this metal.

Adverse impacts can be classified into two primary types: temporary and long-term. The temporary impacts that occur during mining are things such as dedicated land usage, fugitive dust emissions and visual disturbance. These things will either end, or through reclamation be wholly or partially mitigated after mining has ceased. All equipment, buildings and structures (except historic structures) will be removed. All post-regulation (since January 1, 1981) surface disturbance would be recontoured and revegetated. There are no expected long-term impacts except that the operator will be leaving an empty mill building on private land for use by the land owner to store farm equipment and supplies.

2) The degree to which the proposed action affects public health or safety.

Active operations are not expected to cause adverse public health effects. Dewatering of the mine will divert groundwater to an underground rapid infiltration leach field 1,000 feet west to the same groundwater system. The mill will use a closed system and no process water will go back into the groundwater. Safety will be partially provided by two gates on the access road adjacent to the mine site which will exclude the general public during operations and reclamation. As part of final reclamation, the mine openings will be permanently plugged. No long term adverse public health or safety affects are expected from use of the reclaimed area.

3) Unique characteristics of the geographic area such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas.

All areas to be disturbed by mining activity have been surveyed and evaluated for cultural resources. Historic cultural resources have been identified in the mine area. Impacts will be avoided to all historic cultural resources as approved by the State Historic Preservation Office.

The Blue Lakes and Alder Creek Wilderness Study Areas (WSA) occur 6.5 and 8.5 miles respectively south of the project. Some of the surface disturbance already created under a 43 CFR 3809 notice can be seen from the WSA. This disturbance will be reclaimed on or before final reclamation. The other resources listed above are not present in this area.

4) The degree to which the effects on the quality of the human environment are likely to be highly controversial.

Underground mines are not new to Nevada, although molybdenum mines are rare. This mine is much smaller than most Nevada underground mines with very little surface disturbance on public land. Very few public comments were received through scoping or the public comment period on the preliminary environmental assessment (EA). There

were no public concerns received on the preliminary EA. Three state agencies commented on the preliminary EA and their concerns are satisfactorily addressed in the EA and Decision.

5) The degree to which the possible effects on the quality of the environment are likely to be highly uncertain or involve unique or unknown risks.

The mining method, milling and metal recovery techniques are all common methods employed in the mining industry and are not expected to produce uncertain or unique risks. The most risk appears to be the amount of groundwater to be pumped from the mine and the ultimate water quality once mining ceases. Pumping records and the controls on groundwater character suggest that pumping rates will remain low. The springs within approximately two miles of the mine will be monitored four times a year and the findings reported to the BLM and Nevada Department of Wildlife. Various geochemical studies have been completed on the wall rocks of the mine. Additionally, the water quality from the last two years of mine dewatering has been monitored by several methods. The data supports the finding that the predicted water quality will not be significantly degraded by the mining activity.

6) The degree to which the action may establish a precedent for future actions with significant effects or represents a decision in principle about a future consideration.

Approval of the proposed action does not set any known precedents or establish any principles for future decisions. The mining activities approved have been commonly applied for several decades.

7) Whether the action is related to other actions with individually insignificant but cumulatively significant impacts.

Cumulative impacts were largely recognized from the potential expansion of the project if more ore reserves were identified. Similar effects would occur but would be longer in duration. Cumulative impacts from other actions are minor and limited.

8) The degree to which the action may adversely affect districts, sites, highways, structures, or objects listed in or eligible for listing in the NRHP or may cause loss or destruction of significant scientific, cultural, or historic resources.

The EA addressed these issues and found that the proposed action will not impact these resources.

9) The degree to which the action may adversely affect an endangered or threatened species or its habitat that has been determined to be critical under ESA of 1973.

These issues were examined in the EA and no impacts were identified.

10) Whether the action threatens a violation of Federal, State, or local law or requirements imposed for the protection of the environment.

No threats of violation were identified in the preparation of the EA and the Decision Record stipulates that GPMI must obtain all necessary approvals from other federal, state, and local agencies before proceeding with the proposed action. The BLM will make at least two inspections each year to ensure compliance with the approved plan of

operations. Additionally, the Nevada Division of Environmental Protection will make regular inspections pertaining to the reclamation permit, water pollution control permit, and other permits.

Gail G. Givens, Field Manager

Date